

Message Text

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47

ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8307

TREASURY DEPT WASHDC

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E.O. 11652: N/A

TAGS: EFIN, EAID

SUBJECT: PROPOSED INCREASE IN EXECUTIVE DIRECTORS SALARIES
AT WORLD BANK/IMF

REF: STATE 272528

1. IN REPLY TO REFTEL, C.W. MCMAHON, DIRECTOR, BANK OF
ENGLAND HAS REPLIED AS FOLLOWS:
QUOTE THANK YOU FOR YOUR LETTER OF 10TH NOVEMBER CONCERN-
ING THE NEW PROPOSALS FOR SALARY INCREASES FOR EXEC-
UTIVE DIRECTORS OF THE IMF AND IBRD AND THEIR
ALTERNATES.

YOU WILL REMEMBER THAT, WHEN THIS QUESTION WAS
RAISED EARLIER THIS YEAR, THE CHANCELLOR AND THE GOV-
ERNOR TOOK THE VIEW THAT, ALTHOUGH AN INCREASE LARGER
THAN THAT RECEIVED BY THE STAFF WOULD BE INOPPORTUNE,
EXECUTIVE DIRECTORS SHOULD, LIKE THE STAFFS, BE COM-
PENSATED FOR THE INCREASE IN THE COST OF LIVING. THE
CHANCELLOR AND THE GOVERNOR WROTE IN THESE TERMS TO
SECRETARY SIMON AND EXPRESSED THE HOPE THAT HE WOULD
FIND A COMPROMISE ALONG THESE LINES ACCEPTABLE.

THE LATEST PROPOSALS REFLECT THE VIEW WHICH WE
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TOOK THEN, AND WE FEEL THAT THEY ARE SENSIBLE AND RE-

ALISTIC IN PRESENT CIRCUMSTANCES. WE RECOGNISE THE
REASONS FOR SECRETARY SIMON'S CONCERN, BUT WE ARE UN-
EASY ABOUT A SITUATION IN WHICH AN INCREASING NUMBER
OF STAFF SALARIES ARE OVERTAKING THOSE OF EXECUTIVE
DIRECTORS. ON BALANCE, IT SEEMS TO ME THAT THE
ADVANTAGE LIES IN SUPPORTING THE PROPOSED INCREASES,
AND THE CHANCELLOR AND THE GOVERNOR ARE CASTING THEIR
VOTES IN FAVOUR. UNQUOTE

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